

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 6, 1998

Paul G. Mattaini, Esq. Barley, Snyder, Senft & Cohen, LLP 126 East King Street Lancaster, Pennsylvania 17602-2893

Dear Mr. '1attaini:

The Secretary of the Board of Governors of the Federal Reserve System, acting pursuant to authority delegated by the Board, has reviewed the application filed under section 3 of the Bank Holding Company Act (12 U.S.C. § 1842) ("BHC Act") by Fulton Financial Corporation, Lancaster, Pennsylvania ("Fulton"), to merge with Keystone Heritage Group, Inc. ("Keystone"), and thereby acquire Keystone's subsidiary bank, Lebanon Valley National Bank, both of Lebanon, Pennsylvania. In additon, the Secretary, acting pursuant to authority delegated by the Board, has reviewed the notice filed under section 4 of the BHC Act by Fulton to acquire Keystone's nonbanking subsidiary, Keystone Heritage Life Insurance Corporation, Lebanon, Pennsylvania, and thereby engage in credit insurance underwriting activities. These activities have been determined to be closely related to banking under section 225.28(b)(11) of Regulation Y (12 C.F.R. 225.28(b)(11)).

Based on all the facts of record, including relevant examination, financial, and other reports maintained by the Federal Reserve System, the Secretary, acting pursuant to authority delegated by the Board, has approved the application and notice by Fulton to merge with Keystone and thereby acquire its banking and nonbanking subsidiaries. In making these determinations, the Secretary relied on all the facts of record and all the commitments made by Fulton in connection with this proposal. The commitments are conditions imposed in writing in connection with the findings and decision herein, and, as such, may be enforced under applicable provisions of law.

The proposed acquisition may not be consummated before the thirtieth calendar day following the date of this letter or later than three months after the date of this letter, unless such period is extended by the Federal Reserve Bank of Philadelphia. In connection with these provisions, advice of the consummation of the proposal should be given in writing to the Reserve Bank.

Very truly yours,

Jennifer J. Johnson

Deputy Secretary of the Board

cc: Federal Reserve Bank of Philadelphia
Department of Justice

Pennsylvania Secretary of Banking